



Seattle
Office of Housing

REQUEST FOR PROPOSALS

*For Development of Affordable Housing at
607 2nd Avenue North*

Published: June 27th, 2018

Responses Due: Wednesday, August 29th, 2018 at 12:00 noon

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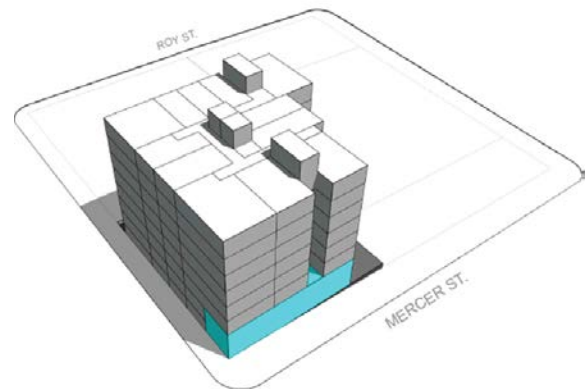
I. Introduction, City Requirements and Priorities

The City of Seattle (City) Office of Housing (OH) invites qualified housing developers to submit proposals for developing affordable rental housing and arts and cultural space on City property located at 607 Second Avenue North. This property represents a unique opportunity to achieve multiple public benefits on a single site, most critically by creating urgently needed affordable housing for homeless and low-income people. In addition, this development will support arts and cultural spaces that reflect the cultural identity of the Uptown neighborhood, contribute to quality urban design, and provide greater opportunities for women and people of color to benefit from the jobs created by the project.

To help deliver on the City’s priorities for this project, OH is partnering with the Office of Arts & Culture (ARTS) and the City’s Labor Equity Team, who will each be providing support and expertise throughout the process. Following is a description of the City’s requirements and priorities for the development.

Affordable Housing

At a minimum, proposals must ensure that all units are affordable to households earning no more than 60% of area median income (AMI) (except that a resident manager unit may be included if necessary to provide support for other units). For application purposes, applicants should use the 2018 WSHFC income and rent limits, which are available in [Attachment A](#).



In addition, the City is seeking projects that meet the following priorities:

- **Housing for Formerly Homeless Households:** Providing permanent housing for formerly homeless individuals and/or families is a key priority for this site. OH is seeking proposals that provide at least 20% homeless units or higher, consistent with agency experience and established best practices for homeless housing. Eligible populations include households who are living outdoors or in encampments, in emergency shelters or transitional housing, in vehicles or other places not meant for human habitation, as well as previously homeless households who are currently living in intensive supportive housing that could be made available for other homeless households. Proposals should articulate how the homeless program was developed, for example by describing similar successful models already in operation. In addition, proposals should describe specifically what levels of service and operating subsidies would likely be necessary for the project to be successful, and whether any partnerships have been or will need to be established to successfully operate the homeless units.

- **Housing with Deep Affordability:** Beyond the minimum 60% AMI requirement, applicants are strongly encouraged to include as many units as possible that are affordable to households with incomes below 60% AMI. At a minimum, OH expects that any homeless units be designated no higher than 30% AMI.
- **Maximizing Development Capacity:** OH is seeking projects that serve as many people/households as possible within the limits of available funding and zoning capacity. OH will measure this priority both on the total number of units created, as well as the number of people expected to occupy the units, so that projects incorporating family-sized units are compared fairly to projects with a greater emphasis on units occupied by smaller households. Regardless of the target population, all applicants should strive to maximize the building footprint, and create efficient unit and building layouts.
- **Efficient Use of City Funding:** To maximize the impact of City funding, OH is seeking proposals that demonstrate efficiencies in their development costs. This priority will be evaluated through estimated per square foot and per unit development costs, and through review of individual line item costs. Applicants should describe their approach to managing project costs, and identify any specific measures taken to reduce costs in the initial proposal.

Arts and Cultural Space

All proposals must incorporate dedicated space for arts and cultural uses on the ground floor, with a minimum of 2,500 SF set-aside for cultural space (see [Attachment B](#) for a definition of cultural space). In particular, proposals should strive to reflect ideas for making and/or presenting art that are financially sustainable and provide equitable access to all communities. OH will work with the City of Seattle Office of Arts & Culture (ARTS) to evaluate proposed ground floor concepts, including proposed partnerships with arts and cultural organizations, and financial structure for development and ongoing operation of the space.



OFFICE OF ARTS & CULTURE
SEATTLE

Applicants should endeavor to incorporate as many of the following priorities as possible, which were elevated through a process led by the Uptown Arts and Culture Coalition (UACC):

- Interdisciplinary arts uses, and flexible space that can serve the needs of the community and adapt over time
- Work spaces for artists and cultural makers in pursuit of their craft, including “arts incubator” space
- Uses that demonstrate a sensitivity to the cultural context of the site, including its relationship to Seattle Center, the many theaters along Mercer Street, and the diverse cultural organizations throughout Uptown.

- Integration of the ground level with the overall building and its residents, including creation of arts uses that are accessible by, and of use to the residents of the building
- Financially sustainable spaces, and spaces that create and sustain investment in arts and cultural activities in the community or in the building
- Partnership with mission-driven, community-based organizations

More information on the community discussion that generated these priorities may found in [Attachment B](#), which contains a full transcript of the workshop facilitated by UACC.

Labor Equity Outcomes

OH is seeking projects that will demonstrate strong labor equity outcomes, including increased participation by workers from economically distressed areas, apprentices, and women and minority workers and businesses. To support those outcomes, OH intends for this project to pilot implementation of the City of Seattle’s Community Workforce Agreement (CWA), which is the City’s primary vehicle for implementing the Priority Hire Ordinance. Priority Hire is intended to promote equitable outcomes in hiring on significant construction projects. In addition, OH is setting a higher aspirational goal for contracting with women and minority-owned business enterprises (WMBEs).



- **Priority Hire and Community Workforce Agreement:** OH intends for any contractors working on the project to assent to the provisions of the CWA, which is expected to be amended to apply to the K Site project, consistent with provisions applicable to City projects under the City’s Priority Hire Ordinance at SMC 20.37. See [Attachment C](#) for information on the current CWA and Priority Hire. An amendment to the CWA will be provided through an addendum to this RFP. Below is a summary of basic responsibilities associated with the current CWA:
 - All contractors sign a letter of assent agreeing to work under the City’s Community Workforce Agreement that has been negotiated between the City and labor unions. All contractors pay representation fees and union trust contributions, provided that no worker shall be required to join a labor union as a condition of working on the Project.
 - Open-shop contractors may bring a maximum of three core workers to the project and up to two apprentices enrolled in a WSATC program who meet the certain criteria. Additional workers are hired through the union dispatch system, unless the corresponding union agrees to alternate arrangements.
 - All contractors must attend a pre-job conference with the Building Trades unions at least two weeks prior to starting work.

- Workforce Diversity Goals and Requirements:** The project will be responsible for adhering to minimum requirements and goals for hiring across multiple categories. Expected goals and requirements are as follows:

Minimum Requirements	
Apprentice Utilization	15% of total hours
Priority Workers*	35% of total journey level hours 7% of total apprentice hours
Aspirational Goals	
People of Color	54% of journey level hours 42% of apprentice hours
Women	3% of journey level hours 11% of apprentice hours

*Priority Workers are workers who reside in an economically distressed ZIP code, as defined in [Attachment C](#).

- WMBE Goals:** OH is seeking project sponsors that are committed to making good faith efforts to increase WMBE participation. OH is establishing a WMBE aspirational goal of 20% of the total construction contract value. This goal is based on recent project performance in other OH-funded projects.

Administration and Enforcement of Social Equity Requirements

Applicants are advised that the City of Seattle’s Department of Finance and Administrative Services (FAS) through its City Purchasing and Contracting Services Division (CPCS) will administer and monitor the requirements specified in this section.

II. Site Information and Context

Property Information

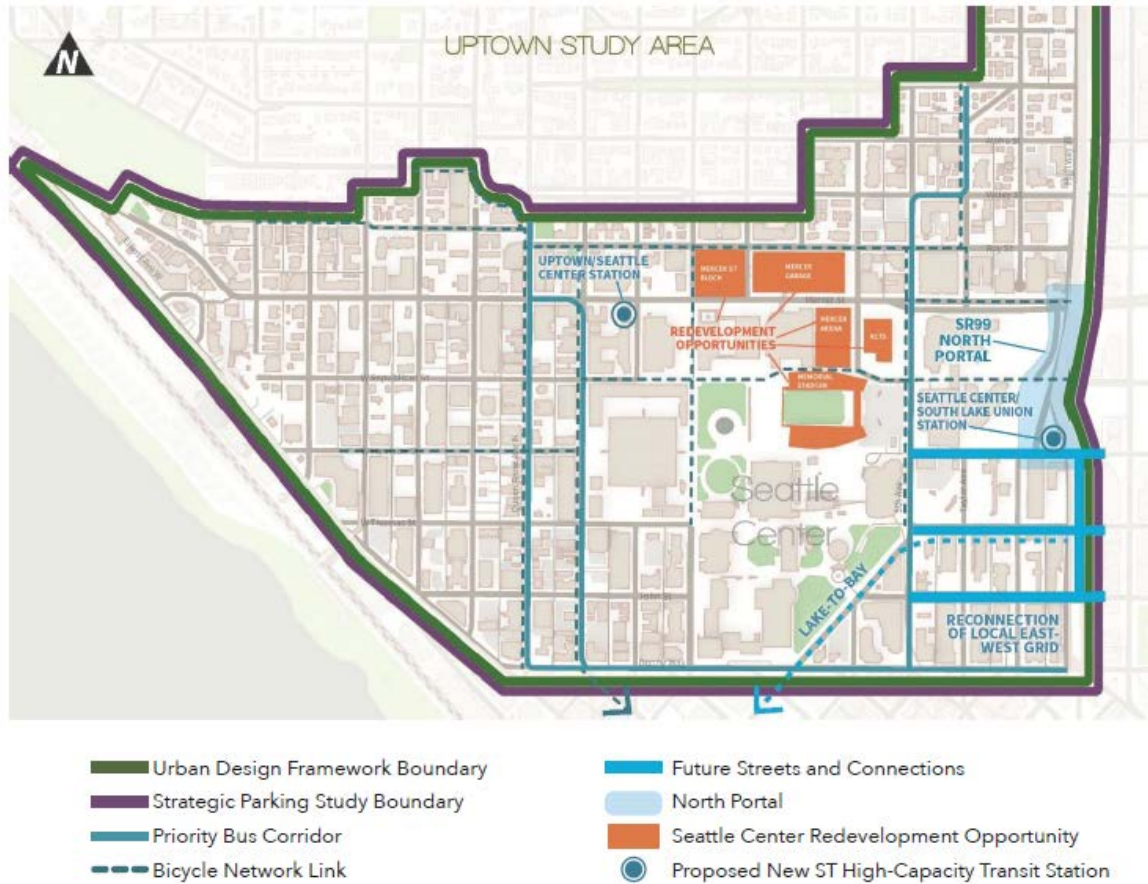
The subject property was originally acquired in 1999 by Seattle Center, primarily with funds from the Kreielsheimer Foundation, which sought to support open space improvements that would enhance Seattle Center's Theater District. Previously, the property was used as a private pay parking lot. Together with the adjacent property to the east, Seattle Center improved and maintained the land as open space as part of the its Theater District Plan. In 2015, Seattle Center approached OH to consider affordable housing opportunities on the property. This exploration led to dedication of adjacent parcel permanently to public open space, and identification of the subject property for future affordable housing development. In October 2017, the City Council passed a resolution requesting that Seattle Center transfer jurisdiction of the property to OH for development of affordable housing.



Illustration of future affordable housing site and public open space

The site is located at the northeast corner of Mercer Street and 2nd Avenue North in the Uptown neighborhood of Seattle. The site totals 11,000 SF, and contains a slopes downward toward the southeast. To help respondents prepare thorough responses to this RFP, OH is providing the following information on the property, made available in part with support through Enterprise Community Partners' Home and Hope Initiative. These may be found in [Attachment D](#):

1. Phase I Environmental Site Assessment prepared by Environmental Partners, Inc.
2. Preliminary Geotechnical Report prepared by PanGEO, Inc.
3. Title Guarantee prepared by Chicago Title Insurance Company
4. Property Map
5. Property Survey
6. 225 Roy Geotechnical Report prepared by PanGEO, Inc. (for additional information on groundwater conditions across the block)

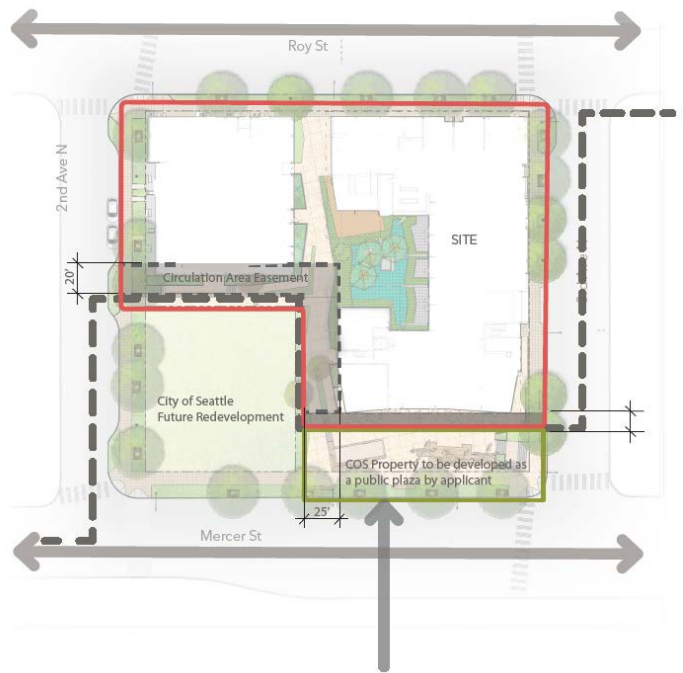


Design and Neighborhood Context

In October 2015, the City approved a rezone of the Uptown Urban Center. The subject property was zoned SM-UP 85, which allows for mixed use development up to 85 feet. An overview of development standards in this zone may be found in [Attachment E](#). In addition, in May 2016 the City established the [Uptown Urban Design Framework](#) to set out a vision for the neighborhood, and provide guidelines for future development. A set of [Draft Neighborhood Design Guidelines](#) based on a multiyear community planning process is also currently out for review. In 2017 the City established Uptown as an official Arts and Cultural District, intended to cultivate the rich arts and culture identity of the neighborhood.

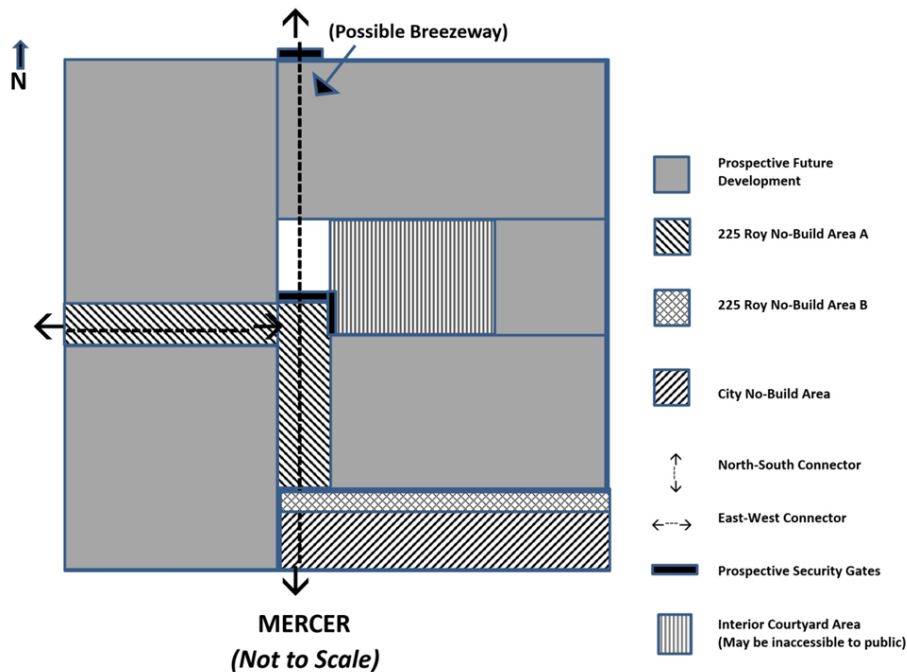
In addition to broader neighborhood planning, the City has been working with the 225 Roy project (Center Steps), which occupies the remainder of the block. In 2016-2017, the City Council authorized agreements with 225 Roy, with the goal of creating dedicated public open space and providing pedestrian circulation throughout the block, while leaving the subject property available for maximum development of affordable housing.

Recently, the City finalized agreements to facilitate collaborative development, including a Restrictive Covenant, Easement and Circulation Area Agreement, and Reciprocal Tieback and Crane Boom Easement Agreement. These agreements provide for public/pedestrian access through the block, development of public open space on the City property to the east of the site, building setbacks on the 225 Roy property to maximize affordable housing development potential, and tieback and structural design. In addition, the City is providing 225 Roy a temporary construction license for staging on the site. This license is anticipated to expire in advance of any affordable housing construction.



225 Roy Design Review Proposal, GGLO Architects

Attachment F contains copies of the easement agreements and related information. Below is a diagram depicting the easement areas surrounding 607 2nd Ave. N property.



The 225 Roy project received design review approval in the fall of 2017, and is expected to begin construction in the second half of 2018. Applicants are encouraged to review the design of the adjacent development and open space, which can be found at the links below:

- [225 Roy Design Review Proposal](#) (Permit # 3025946)
- [601 3rd Avenue N Design Review Proposal](#) (Permit #6603755).

Attachment G contains a contact list for the 225 Roy Development Team. In addition, 225 Roy has provided copies of its Civil Plans and Street Improvement Plans (SIPS), which may also be found in Attachment G. Applicants should also note that the 225 Roy project is open to design concepts that would utilize the pedestrian easement areas for purposes of residential access to the 607 2nd Ave. N project, as depicted in their proposed site plan below.

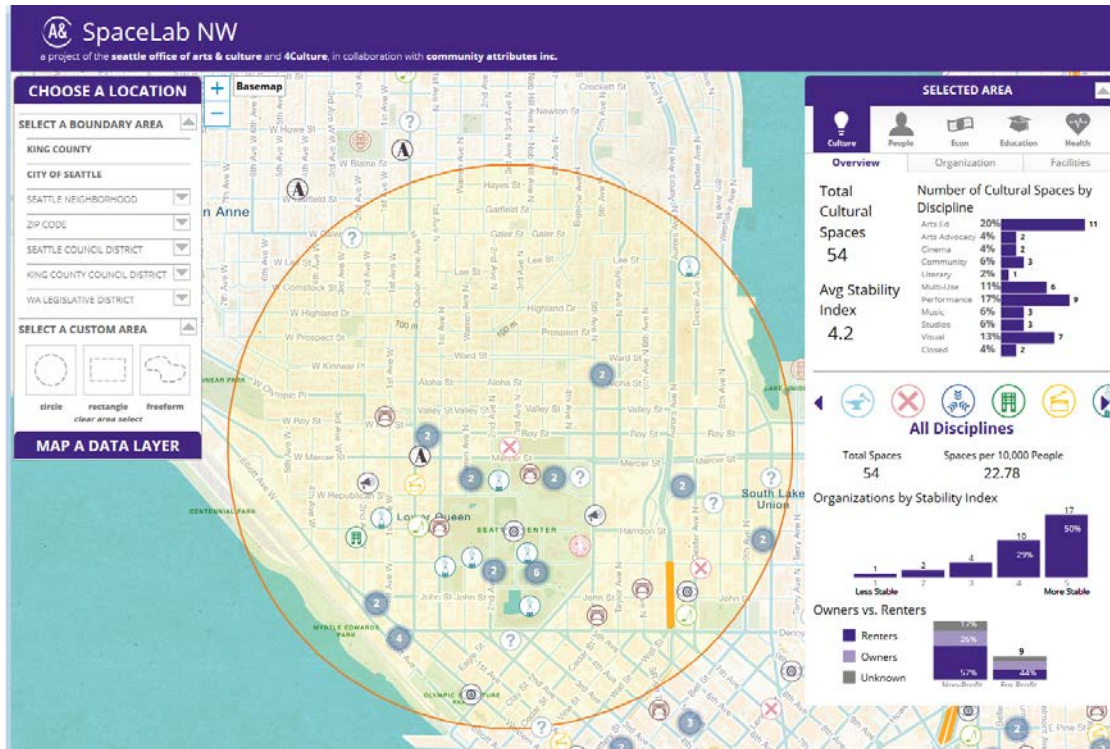


225 Roy Design Review Proposal, GGLO Architects

Cultural Context

The Uptown neighborhood is one of Seattle's officially designated Arts & Cultural Districts. There is a sustained density of cultural activity in Uptown that rivals any neighborhood in the State of Washington. Within a one-mile radius of the site, there are 54 cultural spaces, including eleven arts training facilities, nine theaters, and seven galleries or museums.

The presence of Seattle Center, and the over 25 resident cultural organizations on its campus, dominates the cultural life of the neighborhood, but there are just as many cultural spaces in the neighborhood off-campus as on. Bookstores, theaters, galleries, rehearsal rooms, and more are peppered throughout Uptown.



You are invited to look through the [SpaceLab NW](#) site to further explore the cultural context for Uptown and the K Site.

III. Available Funding and Lease Terms

Anticipated Ground Lease Terms

The City anticipates making the property available through a 99-year ground lease. To support long-term affordability in the project, the City is willing to subsidize annual rent to a nominal amount, subject to compliance with ongoing regulatory restrictions, and other lease terms.

Rental Housing Program Funding

Through this RFP, OH is making up to \$8 million in development of affordable housing on the site. Respondents that identify 9% Low Income Housing Tax Credits as a source of financing are advised to limit their funding request to no more than \$6 million from OH. In addition, although the maximum allowed 9% credit per unit has been increased for this year, applicants should also strive to limit their total credit request in order to preserve the opportunity for as many projects to receive allocations as possible in 2019.

OH reserves the right to provide more or less funding based on the depth of affordability provided, anticipated investment from other sources of financing, and final development costs, among other variables. OH is aware of potential construction cost inflation due to continued high demand for labor and materials, among other factors. Respondents should include a reasonable escalation factor in their construction cost estimates, and also take into consideration the administration of the CWA. OH expects to work with the selected developer to manage development costs and address any unanticipated subsidy gaps, as necessary.

All capital funding is subject to Rental Housing Program policies and procedures, a summary of which may be found in [Attachment H](#).

Office of Arts and Culture Funding

Through this RFP, the Office of Arts and Culture is providing up to \$50,000 from the [Cultural Facilities Fund](#) to support tenant improvements on the ground floor. That award will be scaled based on several criteria, including:

- The size of the cultural space provided
- The nonprofit nature of the cultural tenant
- The scale of the Public Benefit provided

Funds will be provided through a Cultural Facilities Contract (see [Attachment B](#) for a boilerplate contract). In exchange, projects will be required to develop and maintain dedicated arts and cultural space, and provide a certain amount of Public Benefit (see [Attachment B](#) for definition), to be negotiated with the Office of Arts & Culture.

IV. Submittal Requirements

Responses should contain the following application components (Items 1-3 are available to be downloaded in [Attachment I](#)):

1. **OH Table of Contents/Checklist** is a Word document containing a comprehensive list of all the narrative sections, Excel forms and attachments required for the OH application.
2. **Combined Funders Application (CFA) – Narrative Questions** is a Word document that contains the narrative questions that the State of Washington, the Washington State Housing Finance Commission, King County and the City of Seattle have agreed to use for the convenience of applicants. The narrative questions are divided into “Sections.” For example, Section 1 is “Project Summary.”
3. **Combined Funders Application (CFA) – Project Workbook** is an Excel document that is divided into “Forms.” For example, Form 1 is “Project Summary” and Form 2A is “Building Information.” Form 1 should be filed behind Tab 1 after the narrative Section.
4. **Cultural Space Letter of Intent or Memorandum of Understanding** signed by the housing sponsor and cultural space partner or partners. The letter or MOU should address the following topics related to the cultural space:
 - Intended programming
 - Site control mechanism (e.g., condo ownership or long-term lease)
 - Financing plan for development/construction
 - Plan for long-term occupancy expenses
 - Discussion of how the proposal addresses cultural space priorities described in Section 1
 - Roles and responsibilities of each of the project partners

Please submit three (3) hard copies and one (1) electronic copy on CD or flash drive, except that audited financial statements do not need to be contained in the hard copies. Hard copies should be spiral bound or placed in a three ring binder, with tabs clearly demarcated. The Project Workbook must be in Excel format. Narrative responses must be in Word format. Attachments must be in PDF format.

Final submittals are due by **Wednesday, August 29th, 2018** at noon to:

Attn: Lindsay Masters
700 - 5th Avenue, Suite 5700
Seattle, WA 98104

V. Evaluation Criteria and Process

OH will assemble a review committee to review proposals based on the evaluation criteria below. The review committee may follow up with applicants to solicit additional information about their proposals, and/or request changes or clarifications. At OH's discretion, applicants may be asked to attend an in-person interview where they will present their proposals and answer questions.

Proposals will be ranked according to their strength in meeting the following criteria:

1. Strength of Project Concept in Meeting City Priorities
 - a. Affordable Housing
 - i. Homeless Housing
 - ii. Depth of Affordability
 - iii. Maximizing Development Capacity
 - iv. Efficient Use of City Funding
 - b. Arts and Cultural Space
 - c. Labor Equity
2. Strength of Development Team
 - a. Demonstrated experience of the sponsor's development team in developing, owning and operating affordable housing
 - b. Capacity of lead staff to manage the project in the proposed timeframe
 - c. Thoughtfulness and strength of any proposed partnership with arts and cultural organizations or businesses
 - d. Experience of lead architect in designing projects of similar scope and complexity, and thoughtfully incorporating community input in an urban environment
3. Project Feasibility
 - a. Reasonableness of financing and cost assumptions
 - b. If a capital campaign is anticipated, the strength of the capital campaign plan, and fundraising experience of team members
 - c. Sustainability of both the housing and arts/cultural space operations

After the review committee completes its review, a recommendation will be provided to the OH Director, and to the Seattle Arts Commission for recommended funding from the Cultural Facilities Fund. Following selection by the OH Director, OH staff will prepare necessary agreements and legislation for approval by City Council. In addition, OH will issue a funding award letter reserving capital funds for the project, subject to standard terms and conditions (including Council approval of the ground lease).

If OH does not receive a proposal that meets the priorities and requirements of the RFP, OH reserves the right to cancel the RFP and initiate a new solicitation.

VI. RFP Schedule

Please see below for the anticipated RFP schedule. Following publication of this RFP, interested applicants will have an opportunity to submit questions or clarifications. Answers will be shared with all teams who have expressed an intent to apply. In addition, OH, FAS and ARTS staff will host an in-person Question and Answer session.

<i>Event</i>	<i>Scheduled Date</i>
RFP Published	June 27
In-Person Question and Answer Session	July 11
Responses Due	August 29
Notification of Interview (if applicable)	No later than October 5
Hold for Interviews	October 9-18
Notification of Decision	Target date November 5; No later than December 7

The In-Person Q&A will be held at the following time and place:

- Time: Wednesday, July 11, 2:30 p.m. - 3:30 p.m.
- Location: City Hall, 600 4th Avenue, Boards and Commissions Room (L280)

Please note that this schedule is subject to change. All respondents who have indicated an intent to apply will be notified of any changes to the schedule.

VII. Disclaimers

Disclosure

All proposals and related materials become the property of the City upon delivery to the Office of Housing. State law, RCW Ch. 42.17, provides that public records are subject to public inspection and copying unless specifically exempted. RCW Ch. 42.17 enumerates limited exemptions a public agency's obligation to disclose public records. If the applicant believes that portions of its proposal are exempt from disclosure to third parties, the applicant must clearly label the specific portions sought to be kept confidential and specify an exemption that the applicant is relying on. However, acceptance of a proposal containing such designations by the Office of Housing is not an agreement that such material is legally confidential, and the Office of Housing cannot guarantee that such information will not be disclosed.

The applicant recognizes and agrees that the City will not be responsible or liable in any way for any losses that the respondent may suffer from the disclosure of information or materials to third parties, nor for any use of information or materials by third parties.

All costs of preparation of Proposals and all related expenses are at the sole risk of the Developer. No Developer shall have any claim against the City for any costs incurred in responding to this RDQ/P or in any negotiations, modifications of proposals, presentations or other actions to secure a contract for purchase of the Property, whether or not at the request of the City. Unless and until a purchase and sale contract shall have been duly authorized by ordinance and signed by the City and the Developer, the City shall retain the right to terminate the sales process, and/or to dispose of the Property in any manner permitted by law, without liability to any Developer.

RCW 35.81.095 provides in part: "A municipality shall not be required to select or enter into a contract with any proposer or to compensate the proposer for the cost of preparing a proposal or negotiating with the municipality."

Attachments

Attachment A

[Income and Rent Limits for LIHTC Properties \(2018\)](#)

Attachment B

Cultural Space Information

1. [Cultural Space Definition \(Office of Arts and Culture\)](#)
2. [K Site Arts and Culture Workshop Summary](#)
3. [Public Benefit and the Cultural Facilities Fund](#)
4. [Boilerplate Cultural Facilities Contract](#)

Attachment C

Community Workforce Agreement Information

1. [Community Workforce Agreement](#)
2. [Priority Hire ZIP Codes](#)
3. [Community Workforce Agreement \(CWA\) Overview](#)
4. [What is a CWA? Information for Open Shop Contractors](#)

Attachment D

Available Property Information

1. [Phase I Environmental Site Assessment](#) prepared by Environmental Partners, Inc.
2. [Preliminary Geotechnical Report](#) prepared by PanGEO, Inc.
3. [Title Guarantee](#) prepared by Chicago Title Insurance Company
4. [Property Map](#)
5. [Property Survey](#)
6. [225 Roy Geotechnical Report prepared by PanGEO, Inc.](#)

Attachment E

[SM-UP 85 Zone Development Standards](#)

Attachment F

Easement Agreements and Related Information

1. [Restrictive Covenant, Easement and Circulation Area Agreement](#)
2. [Reciprocal Tieback and Crane Boom Easement Agreement](#)
3. [Coughlin Porter Lundeen Structural Design Memo, January 7, 2018](#)

Attachment G

225 Roy Development Coordination Information

1. [225 Roy Development Team Contact List](#)
2. [225 Roy Civil Plans and Street Improvement Plans](#)

Note: The City of Seattle also engaged Marjorie Lund of Lund Opsahl, LLC to advise on structural design assumptions related to the tieback agreement.

Attachment H

[Rental Housing Program Policies](#)

Attachment I

Combined Funders Application Forms

1. [OH Table of Contents/Checklist](#)
2. [Combined Funders Application \(CFA\)](#) – Narrative Questions
3. [Combined Funders Application \(CFA\)](#) – Project Workbook